

Message Text

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21

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01 CEA-01

XMB-02 FRB-03 TAR-01 /080 W
----- 112332

R 202200Z MAY 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 5229

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

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E.O. 11652: N/A

TAGS: ECIN, EIND

SUBJECT: ANDEAN PACT: SECTORAL PROGRAM NEGOTIATIONS

REF: LIMA 3734

1. COMMISSION AND JUNTA MEMBERS HAVE BEEN IN WEEK-LONG INFORMAL SESSION AT GRANJA AZUL HOTEL OUTSIDE LIMA SINCE MAY 12. ON MAY 19 THEY MOVED TO THE JUNTA HEADQUARTERS FOR START OF FORMAL MEETINGS. NEGOTIATION OF AUTOMOTIVE PROGRAM PRACTICALLY STALLED, BUT REPORTEDLY SOME PROGRESS IS BEING MADE IN THE PETROCHEMICAL SECTOR.

2. AS NOTED IN REFTEL, COLOMBIA IS PRINCIPAL DEFENDER OF "OPEN MODEL" CONCEPT, WHICH CALLS FOR LOW COMMON EXTERNAL TARIFFS. PERU PUTS GREATER EMPHASIS ON PROGRAMMED INDUSTRIAL DEVELOPMENT AND ON IMPORT SUBSTITUTION.

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3. WITHIN PERU, THE POLITICAL NATURE OF THE NEGOTIA-

TIONS IS RECEIVING INCREASING PUBLIC RECOGNITION.
MAY 19 EDITORIAL IN LIMA'S LA PRENSA STATES THAT "IT
IS NECESSARY TO SAY CLEARLY THAT THE EXTREME POLITICAL
DIFFERENCES AMONG THE COUNTRIES OF THE REGION ARE INDICA-
TIVE OF THE WEAKNESS OF THE BASE ON WHICH ANDEAN INTEGRA-
TION RESTS". THE EDITORIAL TALKS ABOUT THE "DIFFICUTLY,
IF NOT INVIABILITY" OF INDUSTRIAL PROGRAMMING. A HIGH-
LEVEL PERUVIAN MILITARY OFFICER, FURTHERMORE, HAS REPORTEDLY
STATED IN A LECTURE AT PERU'S WAR COLLEGE THAT THE ANDEAN
AUTOMOTIVE PROGRAM IS NOT ACCEPTABLE TO THE COUNTRY SINCE
TRANSPORT IS A STRATEGIC SERVICE IN TERMS OF NATIONAL DE-
FENSE.

4. A WELL INFORMED PERUVIAN OBSERVER EXPRESSED TO EMBOFF
THAT SOME BLAME FOR THE CURRENT DEADLOCK IS BEING PLACED ON
THE TRHEE JUNTA MEMBERS WHOSE SECOND THREE-YEAR TERM WILL
EXPIRE AT THE END OF 1975. THEY ARE REPORTEDLY ACCUSED OF
NOT HAVING ACTED FORCEFULLY ENOUGH TO REDESIGN THE PROGRAM
PROPOSALS WHEN THESE WERE FIRST REJECTED BY THE MAJORITY OF
THE MEMBER COUNTRIES.

5. THE JOINT DECLARATION OF THE ECUADOREAN AND VENEZUELAN
PRESIDENTS ON MARCH 17 AND THAT OF THE COLOMBIAN AND VENE-
ZUELAN PRESIDENTS ON MARCH 24 EXPRESSED FULL SUPPORT FOR
THE ANDEAN INDUSTRIAL PROGRAMMING CONCEPT. A BREAKDOWN IN
THE CURRENT NEGOTIATIONS WOULD THEREFORE INDICATE VERY
SERIOUS FLAWS IN THE INTEGRATION PROCESS.
DEAN

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